AGREEMENT

This Agreement is made the 2nd day of May, 1997, between Ocean Mar, Inc., of 325 S. Washington Avenue, Suite 1, Kent, Washington, 98032, and the State of Alaska.

WHEREAS:

1. The vessel "ISLANDER" owned by Canadian Pacific Navigation Company, Ltd., while on voyage from Skagway, Alaska to Victoria, British Columbia, sank on August 15, 1901 in Stephens Passage between Douglas Island and Admiralty Island near Juneau, Alaska.

2. At the time of the loss, the ISLANDER carried commercial gold that was insured by The Marine Insurance Company Ltd. The Marine Insurance Company Ltd. paid claims made by the owners of the gold and is now the subrogated owner of the gold shipped aboard the vessel.

3. Ocean Mar, Inc., has entered into a salvage agreement with The Marine Insurance Company Ltd. and The Salvage Association to recover The Marine Insurance Company Ltd.'s property.

4. In addition to commercial gold carried aboard the ISLANDER, additional private gold carried by passengers or crew may be found in or near the wreck.

5. The wreck of the ISLANDER is scattered in various debris fields in Stephens Passage. Parts of the ship's gear and appurtenances may remain in the debris fields. In addition, there may be in the debris field personal items from the passengers who were aboard the vessel at

the time of the sinking. The State of Alaska has an interest in such artifacts in that they are representative of a period in the Territory of Alaska's history.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

a. With respect to the commercial gold which was carried aboard the ISLANDER, said gold is the property of The Marine Insurance Company Ltd., and the State of Alaska claims no ownership or other interest therein. Ocean Mar, Inc. will proceed, with the approval of the United States District Court, to recover that gold;

b. Ocean Mar, Inc. will demonstrate to the State, to the best of its ability, which gold was carried as commercial gold. Ocean Mar, Inc. believes that the commercial gold carried aboard the ISLANDER will be found in the following forms:

i. Gold bars ranging in size from 100 to 1,800 ounces;

ii. Gold nuggets and gold dust shipped in leather pouches weighing 50 to 80 pounds;

iii. Gold coins shipped in similar leather pouches or in wooden boxes.

c. Any and all artifacts, as enumerated in the Stipulated attached as Exhibit A hereto, recovered by Ocean Mar, Inc, during its efforts to recover The Marine Insurance Company Ltd.'s property will be turned over to the State of Alaska and shall become the property of the State of Alaska. Ocean Mar, Inc. shall use reasonable efforts to recover such items, however it is understood that Ocean Mar, Inc. may decline to recover artifacts if safety and/or

cost considerations would render such efforts unreasonable. The final decision on recovery is solely Ocean Mar's. The procedure to be employed by Ocean Mar, Inc. in the recovery of these items is set forth in the Stipulation attached as Exhibit A hereto.

d. With respect to any personal gold that is recovered by Ocean Mar, Inc. that does not belong to The Marine Insurance Company Ltd., the State and Ocean Mar, Inc. agree that the State will receive 10% of the gold recovered, by weight, in whatever form it may be. Personal gold would include the form of small "pokes" of gold dust or nuggets that were carried either on the persons of passengers or in passenger luggage.

e. Ocean Mar, Inc. shall keep accurate and complete records for accounting purposes in respect to its recoveries in connection with this Agreement and such records shall be available for inspection by the State at any reasonable time.

f. In the event that a dispute arises over whether or not certain gold is the property of The Marine Insurance Company Ltd., the parties agree that the dispute shall be referred to an Arbitrator to be agreed upon between the parties, or failing agreement, to two Arbitrators, one to be chosen by each party in the dispute.

g. This Agreement shall be governed by the law of the State of Alaska.

BRUCE M. BOTELHO
ATTORNEY GENERAL

/s/ John T. Baker

By: John T. Baker
Assistant Attorney General
Attorney for State of Alaska

KEESAL, YOUNG & LOGAN

/s/ John A. Treptow

By: John A. Treptow
Attorneys for Claimant
Ocean Mar, Inc.

BRUCE M. BOTELHO
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1N THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ALASKA

YUKON RECOVERY, L.L.C., Plaintiff, vs. CERTAIN ABANDONED PROPERTY, *in rem*, Defendant.	) No. A96-0270-CV (HRH)) No. A96-0304-CV (HRH)) (Consolidated)

STIPULATION BETWEEN YUKON RECOVERY AND STATE OF ALASKA AND ORDER FOR DISMISSAL OF STATE OF ALASKA

This stipulation is entered into, subject to the approval of the Court, between Yukon Recovery, L.L.C. ("Yukon Recovery") and the State of Alaska ("State") in order to facilitate the dismissal of the State as a party to this action.

WHEREAS, Yukon Recovery and Ocean Mar, Inc. ("Ocean Mar") claim certain rights to recover property

believed to be associated with the remains of the S.S. ISLANDER, a vessel which sank near Juneau, Alaska, in 1901, or its cargo;

WHEREAS, property believed to be associated with the remains of the S.S. ISLANDER or its cargo is located on submerged lands owned by the State pursuant to the Submerged Lands Act of May 22, 1953, 67 Stat. 29, 43 U.S.C. § 1301 et seq.;

WHEREAS, Yukon Recovery and Ocean Mar have each brought claims in admiralty, now consolidated in this action, in this Court to determine the extent of their respective rights to recover said property;

WHEREAS, under AS 41.35, the Alaska Historic Preservation Act, the State is charged to preserve and protect the historic, prehistoric, and archaeological resources of Alaska from loss, desecration, and destruction so that the scientific, historic, and cultural heritage embodied in these resources may pass undiminished to future generations;

WHEREAS, under AS 41.35, the State reserves to itself title to, and the exclusive right to conduct field archeology on, all historic, prehistoric, and archaeological resources situated on land owned or controlled by the State, including tideland and submerged land;

WHEREAS, the State asserts that the property in dispute in this action is subject to AS 41.35, the terms of which are enforced by the State Historic Preservation Officer ("SHPO");

WHEREAS, the State asserts that under the Abandoned Shipwrecks Act, 43 U.S.C. §§ 2101-2106 ("ASA"),

title to any abandoned shipwreck or cargo thereof that is embedded in submerged lands of a state is ceded to that state;

WHEREAS, the State asserts that where the ASA applies and a state has an interest in the shipwreck in question, the maritime doctrines of salvage and finds are preempted as a means of determining title to the property and the 11th Amendment to the United States Constitution divests federal courts of subject matter jurisdiction over admiralty claims to the property; and,

WHEREAS, Yukon Recovery disagrees with the State's assertions set forth above;

WHEREAS, the parties to this Stipulation wish to avoid all unnecessary delay in resolving title to the property, and to avoid litigating the applicability of the ASA in this case while nevertheless taking all reasonable steps to protect the historic, prehistoric, and archaeological resources involved;

NOW THEREFORE, in consideration of the mutual terms and conditions stated herein, the parties stipulate and agree as follows:

1. Yukon Recovery agrees that if it succeeds in this action in obtaining a judgment declaring Yukon Recovery's rights to recover the property, Yukon Recovery shall retain an archeologist who meets the standards established by the Secretary of the Interior under 36 C.F.R. Part 61, Appendix A, and who meets the requirements of 11 AAC 16.010 - 090, to serve as the project archaeologist in the recovery of any items believed to be associated with the S.S. Islander or its cargo. The project archaeologist

will assist Yukon Recovery in documenting recovery efforts, inventorying items recovered, identifying collection and curation procedures for appropriate items, and making recommendations as necessary to minimize disturbance to the affected site(s).

2. Yukon Recovery shall:

a. provide the State on a weekly basis with a daily log of items recovered;

b. provide the State with a representative sample of items recovered under the procedures established in paragraph 3 of this Stipulation, including any gold recovered in bar, nugget or dust form, with a representative sample defined as "an example of any item recovered which is sufficient in quantity and quality to clearly illustrate the physical characteristics of the item";

c. provide the State with payment of a royalty in the amount of 7% of net income derived from any gold recovered in bar, nugget or dust form, to be paid during the year for which such income is declared by Yukon Recovery pursuant to 26 U.S.C. § 11, provided that the appraised value of any gold bar, nugget or dust delivered to the State may, at Yukon Recovery's election, be credited toward the royalty payment due the State during the year of delivery;

d. provide the State with documentation of recovery efforts, including but not limited to the methodology used, maps, photography and Global Positioning System ("G.P.S.") locations of the affected sites and associated debris fields, and an inventory of all items recovered and the location of their recovery, no later than 120

days after completion of the field salvage season in which items were recovered;

e. allow the State to inspect all items recovered prior to the removal of any item from the State; and,

f. consult with the State prior to producing any materials for public distribution.

3. Yukon Recovery shall:

a. consult directly with the Alaska State Museum in Juneau ("State Museum"), with guidance as necessary and final approval by the SHPO, to identify items appropriate for recovery and subsequent interpretation and display by the State Museum. Appropriate items may include, but are not limited to, the ship's wheel, compass, navigation and optical instruments, bell, vessel control devices, bottles, furnishings, fixtures, and personal belongings such as rings, watches, firearms, knives, buttons, smoking devices, coins and jewelry. Any such items identified and recovered shall be deemed the property of the State.

b. Yukon Recovery shall use reasonable efforts to recover non-gold items and artifacts described in a. of this paragraph, but only to the extent that recovery of such items is incidental to the primary gold recovery operation. Yukon Recovery shall not be obligated to recover such items if safety and/or economic considerations would make recovery unreasonable. Yukon Recovery shall take all reasonable steps to minimize damage to non-gold items and artifacts, including ship parts and personal belongings, during its recovery operations.

c. Yukon Recovery may have access to State-owned items recovered pursuant to this Stipulation for use in connection with public forums or presentations relating to the recovery operations of the S.S. ISLANDER, provided that Yukon Recovery meets such requirements as the Alaska State Museum may determine appropriate for such use. Any items made available to Yukon Recovery for such use shall remain the exclusive property of the State.

4. Yukon Recovery shall make its archival and ongoing research documentation available to the State upon reasonable notice, in order to provide historical context for the affected site(s), associated debris fields and any items recovered.

5. Yukon Recovery shall take all reasonable steps to meet the following deadlines:

a. A comprehensive inventory and State inspection of items recovered must be allowed no later than 30 days after the end of each field salvage season. At that inspection, the SHPO shall select a representative sample of items recovered, which shall be curated by the State Museum.

b. Items selected by the SHPO, along with necessary documentation, shall be delivered to the State Museum no later than 120 days after completion of the field salvage season in which the items were recovered.

6. In consideration of the terms agreed to herein, the State shall be dismissed as a party to this action, with each party to bear its own costs and fees resulting from the State's participation in this action, provided that the

Court shall have continuing jurisdiction to enforce the provisions of this Stipulation.

DATED this 2nd day of May, 1997 at Anchorage, Alaska.

BRUCE M. BOTELHO
ATTORNEY GENERAL

/s/ John T. Baker

By: John T. Baker
Assistant Attorney General
Attorney for State of Alaska

DATED this 2nd day of May, 1997 at Anchorage, Alaska.

RUBINI & REEVES
/s/ Susan E. Reeves for
By: Jonathan B. Rubini
Attorney for Yukon Recovery, L.L.C.